

0375 - Arkansas Teacher Retirement System

Final Progress Report for the reporting period July 1, 2003 - June 30, 2004

Section I. Agency Update and Assessment

1. Emerging Issues at the Federal (National) or State level affecting the agency.

A) Pending the fall-out of the legislative education reform.

2. Status of any new initiatives funded from General Revenue or General Improvement funds in the 2003 Legislative Sessions and other changes made through General Legislation.

A) Allowance and subsequent Board approval to raise the employer contribution rate from 13% of covered salaries in 2003/2004 to 14% for the 2004/2005 fiscal year.

B) Stepped implementation of employer contributions for members in T-DROP begins July 1, 2004.

3. Discuss significant factors internal and external to the agency affecting agency performance.

A) Inability to offer competitive wages to obtain and retain staff to perform complex transactions.

B) Current staff levels are roughly 30% lower than peer groups.

C) International financial markets account for approximately 69% of Agency's performance.

4. Provide comments on the usefulness and reliability of performance measures.

A) Timing of implementation and low staff levels have not allowed an accurate assessment.

5. Discuss significant uses of line item flexibility in this report period (agencies operating under Performance-Based Appropriations only).

A) ATRS uses in-house trust accounting software (JD Edwards), therefore no impact noted.

Section II. Performance Indicators

Program 1: Agency Operations Administration

Goal 1: To provide our members and retirees with the highest level of benefits, customer service, and timely accurate information.

Objective 1: To maximize benefit levels and customer satisfaction of members and retirees by providing a high quality benefit through the efficient administration of retirement legislation and the effective allocation and management of fund assets of the Arkansas Teacher Retirement System.

Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Ensure all participants reported by employers are members of the system and status is correct	95.50%	96%	
2	Site visit to provide counseling sessions for active members of the system	100%	100%	
3	Applications are processed to make effective annuity payment date	97%	98%	
4	Personally present, or videoconference, seminars on related topics	20 seminars per year	32	
5	Respond to members' request within 5 business days.	97%	-	Sufficient information does not exist to accurately measure this period. See comment below.
6	Number of newsletters per year provided to members	2 newsletters per year	1	Position in charge has turned over 3 times in 18 months
7	Number of Agency proprietary systems administered	3	3	
8	Administrative cost per active and retired member	\$100	-	Year-end figures are currently unavailable. We will provide information when actuarial reports are completed and reviewed.
9	Number of Performance Measures achieved	75%	-	
10	Number of prior year findings repeated in subsequent audit.	3	-	Legislative audit for 02/03 not yet complete.

Comments on performance matters related to Objective 1:

ATRS will track and report this performance measure in future Progress Reports.

Program 2: Benefit Payments

Goal 1: To provide for the accurate, timely payment of benefits/payouts to retired members/eligible beneficiaries and refunds to active/inactive members and employers.

Objective 1: To produce accurate and timely benefit payments for retired members or beneficiaries via Automated Clearing House (ACH) payment methodologies and to produce accurate and timely benefit payments/payouts for retired or beneficiaries and refunds to active/inactive members and employers via the Arkansas State Treasury by administering and maintaining the integrity of the Arkansas Teacher Retirement System membership database.

Measure
Number

	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent of member earnings, service and contributions recorded correctly in the membership database	95.5%	96%	
2	Percent of initial payments made to retirees, or beneficiaries, by requested date, or within 30 days of receipt of required documentation.	98.5%	98%	

Comments on performance matters related to Objective 1:

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Section III. Fiscal Summary
for the reporting period July 1, 2003 - June 30, 2004

Program 1: Agency Operations Administration

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 2,210,096.00	\$ 2,020,177.44
Extra Help	\$ 105,000.00	\$ 58,539.70
Personal Services Matching	\$ 666,970.00	\$ 636,078.66
Overtime	\$ 150,000.00	\$ 50,600.40
Maintenance and Operations		
Operating Expenses	\$ 2,935,257.00	\$ 2,035,792.42
Conference Fees & Travel	\$ 42,759.00	\$ 16,450.94
Professional Fees & Services	\$ 170,304.00	\$ 4,027,633.42
Capital Outlay	\$ 75,000.00	\$ 27,254.59
Data Processing	\$ 7,550,600.00	
Grants		
Professional Services	\$ 250,000.00	
Investment Council	\$ 6,744,500.00	
Property Management	\$ 500,000.00	
Refunds / Reimbursements	\$ -	\$ 665,986.17
Total	\$ 21,400,486.00	\$ 9,538,513.74

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue		
Federal Revenue		
Special Revenue		
Trust Revenue	\$ 21,400,486.00	\$ 9,538,513.74
Other Revenue		
Total	\$ 21,400,486.00	\$ 9,538,513.74

** - Will provide when available.

Section III. Fiscal Summary

Program 2: Administration & Customer Support Services Program

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries		
Extra Help		
Personal Services Matching		
Maintenance and Operations		
Operating Expenses		
Conference Fees & Travel		
Professional Fees & Services		
Capital Outlay		
Data Processing		
Grants		
Benefits	\$ 585,500,000.00	\$ 407,174,020.90
Refunds / Reimbursements	\$ -	\$ 3,355,862.27
Total	\$ 585,500,000.00	\$ 410,529,883.17

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue		
Federal Revenue		
Special Revenue		
Trust Revenue	\$ 111,500,000.00	\$ 86,109,403.81
Other Revenue	\$ 474,000,000.00	\$ 324,420,479.36
Total	\$ 585,500,000.00	\$ 410,529,883.17